

# **UTILITY ADVISORY BOARD**

**Thursday, February 21, 2013  
8:00 a.m.**

**Grand Rapids Wastewater Treatment Plant  
1300 Market SW**

## **AGENDA**

1. Approval of Minutes – January 17, 2012 (attached)
2. Public Comment on Agenda Items
3. Transformation Update – Investments at WWTP
4. Budget Preparation Update: Capital Budgets
5. Contract Awards – there were no awards in January 2013
6. Updates:
  - a. Sewer Use Ordinance Update
  - b. Processing Delinquent Accounts (Lien Process)
  - c. Customer Information System
  - d. EMA Update
7. 2012 Rate Study available at: [Final 2012 Rate Study](#)
8. Items from Members
9. Tour of facility (for those who have time)
10. Next Meeting – Thursday, March 21 - Where?
11. Adjournment

**Utility Advisory Board**  
**January 17, 2013**

1. **Call to Order:** Eric DeLong called the meeting to order at 8:00 a.m. at Cascade Township's Wisner Center.

2. **Attendance:**

Members Attending:

Scott Connors (Alternate)  
Bill Cousins  
Eric DeLong  
Mike Lunn  
George Haga  
Wayne Jernberg  
Pam Ritsema  
Chuck Schroeder  
Breese Stam (Alternate)  
Joellen Thompson  
Linda Wagenmaker (Alternate)  
Ron Woods

Others Attending:

John Allen  
Geri Eye  
Eileen Pierce

Members Absent:

Scott Buhner (alternate attended)  
Mark DeClercq (alternate attended)  
Brian Donovan  
Ed Robinette  
Cathy VanderMeulen (alternate attended)  
Toby VanEss  
Josh Westgate

3. **Approval of Minutes:**

**Motion 13-01:** Bill Cousins, supported by Ron Woods, moved to approve the minutes of the December 20, 2012, Utility Advisory Board meeting as presented. Motion carried.

4. **Public Comment:** There was not public comment.

5. **Transformation Update – Competitive Assessment for Water and Sewer**

Eric DeLong indicated that there was a year some time ago where we experienced an almost 15% increase in rates. At that time, we decided we didn't want to see this again. Since that time, staff have been tasked with reducing operating costs by 10%, and they have done a great job at that. They then decided to complete a competitive assessment to see if there are ways to be more

productive and to reduce costs. He commended staff for proceeding with this assessment which is now complete. We've achieved our 10% cost reductions, and now we believe we can do more.

Mr. DeLong introduced Craig Yokopenic from EMA. Mr. Yokopenic reported on the assessment itself and what the next steps are. They looked at technology, practices and the organization. They compared these to best practices from the private and public areas. They have now identified where there are opportunities to improve. The next steps are a Workforce Analysis, Redesign and Implementation.

Gaps were found that they think could save about \$6M over the next three years. This is about 50% of what they think the actual opportunity is. Mr. Yokopenic noted that they didn't document the many things that are done well. They were asked to document where there is opportunity for improvement and that is what they did.

Pam Ritsema distributed additional information on the estimated opportunity gap. She indicated that they are looking for permission from the UAB to move forward with Phase I, II and III. She noted that the scope of work as presented in the meeting materials needs to be reviewed as it was prepared a couple of months ago, but it should be very close. The estimated cost is \$340,000. We will also need to have an updated SCADA system which is an additional cost of \$100,000.

Eric DeLong indicated that staff all recommend moving forward with this and have confidence that EMA can help us move this forward.

Ron Woods applauded this effort. He noted, however, that it is fairly expensive. Was this a competitive bid process? Mike Lunn indicated that the first engagement of EMA was a bid process. Eric DeLong added that he feels they have the right experience and people skills; and he likes that what they propose is a lean process. Yokopenic noted that they don't use any junior staff on these projects. They all have decades of experience. There are people that can give you a lower hourly rate, but they won't be able to give you the results that EMA can. There are inherent risks for EMA as well because they could stand to lose a lot of clients if things don't go well.

Bill Cousins asked what our initial contract cost was. Pam Ritsema indicated it was about \$110,000. Mr. Cousins then asked where the \$6M figure came from. Ms. Ritsema indicated that she looked at our actual expenses and the gap they identified. She felt we should be able to close half the gap in the next three years which would be about \$6M in annual savings. Bill Cousins indicated that there would be a large return on the investment even though it's expensive upfront. This is important in order to lower costs to our ratepayers while maintaining quality. Eric DeLong noted that there will also be additional investments that will be needed as we go along, but he agreed that there is a large payback here.

Mike Lunn noted that some of the other bidders suggested using the AWWA evaluation process which is more about justifying the number of staff you have.

Ron Woods asked about working with unions, etc. Mr. Yokopenic indicated that they have worked with unions, civil service and others. There are stumbling blocks everywhere that you need to get through. It has to be a win-win for both sides.

George Haga indicated that they just finished a reliability study, and he has had discussions with Joellen Thompson about upgrading their SCADA system as well. He wonders how can we coordinate more on these types of things and make sure that we're all working together. Eric DeLong indicated that this is a good suggestion, and we should take this into consideration as we go forward to be sure we include our wholesale customers for coordination of SCADA upgrades, etc.

Ron Woods indicated that they partnered with the City of Wyoming on a recent upgrade to their SCADA system.

Ron Woods asked if the intent is to make recommendations on how all of this should work. Mr. Yokopenic indicated that, yes, the \$100,000 in the proposal is to get the practices in line and elevate the workflow. He noted that it's really a preliminary design report. Eric DeLong indicated that this is design of the workflow and then after that will come the purchase of the equipment.

Bill Cousins said the City has set a benchmark of \$6M. How often do you hit your benchmark? Mr. Yokopenic indicated that they have many times taken organizations from a gap of 40 down to 20 and maybe 15 and then given them a plan to get another 5 by themselves. There have been a couple of failures over the years due mainly to political issues. He feels it is easily over 95% of the time that they help the organization hit their goal.

**Motion 13-02:** Ron Woods, supported by Bill Cousins, moved to authorize staff to negotiate for the services within the proposed scope of work and move forward with a not-to-exceed amount of \$440,000 for the engagement of EMA. Motion carried.

Bill Cousins asked if there is separate work needed for wholesale communities. Eric DeLong noted that there may be for SCADA. If there is, we will let you know.

In response to Chuck Schroeder, Eric DeLong noted that EMA may need to help with union negotiations or other things that aren't currently in the scope of work. So there may be additional costs, or there may not be.

## **6. Sewer Use Ordinance Update**

Eric DeLong reported that Wastewater is working to get a new sewer use ordinance adopted. Mike Lunn noted that we have received final approval from MDEQ on the wording. This amendment will almost double our capacity without the need to expand the plant. Mike Lunn distributed a timeline for Sewer Ordinance Adoption. More details can be provided at the next meeting.

## **7. Quarterly Financial Reports**

### **a. Operational Graphs (Q2-FY13)**

Geri Eye reported on the Operational Graphs provided in the meeting materials. Treated flow is running similar to the prior year. Mike Lunn noted that he thinks the rainfall shown on the data provided is about 3 inches too high. He has made a correction in the system now so this report should now run correctly. Ms. Eye noted that billed flow is trending higher than the prior year.

b. Financial Reports

The financial reports were then reviewed briefly. Ms. Eye noted that expenses are down, in general, for sewer. Water billings are up as well as wholesale. Water expenses in generally all categories going down. She didn't see anything that really stood out as unusual.

c. ACSET /ICB Reports (Q4-CY12)

Ms. Eye indicated that there is no ACSET report for fourth quarter of 2012 because funds were exhausted in July.

**8. Budget Preparation Update**

Eric DeLong reported that staff are in the process of preparing the FY2014 budget proposal. It is due on January 25. We will have time at the next meeting to share the proposal with you.

**9. Contract Awards**

Eric DeLong referred members to the information provided in the meeting packet which was a comprehensive listing of all contracts awarded during 2012.

**10. Processing Delinquent Accounts (Lien Process)**

There was no report on this item.

**11. CIS - Billing Issues**

Pam Ritsema indicated that there were two billing issues that have now been resolved with the customers. Almost every customer should get some amount credited to their account, anywhere from 1 cent to \$77. The total value was \$225,000. The other issue involved underbilling people, and we have made the decision not to try to collect those amounts. Amounts varied but were on average around \$9, and it was felt the explanations to customers would cost more than we would collect. Staff, therefore, recommends that we not bill for these but that we do issue the credits where appropriate.

Eric DeLong indicated he agrees with this recommendation. He looks at this as a cost of transformation. It was our mistake, and it was not the customer's fault that the mistake was made.

Ron Woods asked what caused the problem. Pam Ritsema noted they didn't have the correct number of days for a readiness to serve charge. Members indicated they agreed with the plan.

**12. Items from Members:**

Motion 13-03: George Haga, supported by Wayne Jernberg, moved that it be:

RESOLVED, that the Utility Advisory Board accepts the resignation of William T. Cousins III from the Utility Advisory Board upon his retirement and commends and thanks him for his commitment and contributions to the Board over the last five years and acknowledges his many years of dedicated service to local government; and

RESOLVED, that an appropriate Certificate of Appreciation be presented to Mr. Cousins on behalf of the Utility Advisory Board; and

RESOLVED, that the Utility Advisory Board wishes a happy retirement and continued prosperity for Mr. Cousins as he moves on to this next phase of his life.

Motion carried.

Eric DeLong then presented a Certificate of Appreciation to Mr. Cousins on behalf of the Utility Advisory Board.

13. **Next Meeting**

It was decided that we will go to the Wastewater Treatment Plant on February 21. They have a presentation they want to provide to the UAB and tours can be made available.

Walker had also extended an invitation, and we will plan to go there in March if scheduling works.

/nlm

**SEWAGE DISPOSAL SYSTEM**  
**CAPITAL BUDGET PROJECTS REPORT**

Fiscal Year	Project #	Project Name	Revenue Amount	Cash Funds	Bond Funds	Zonegating
2014	1379	Silver Creek Sanitary Trunk Sewer Improvements	\$ 250,000		\$ 250,000	GR-75% EGR-25%
2014	3324	Information Management System	100,000		100,000	GR-100%
2014	2621	Robinhood Lift Station Upgrade / replacement	530,000		530,000	GRT-100%
2014	3261	Elmridge Avenue - Westwinde Drive to 3 Mile Road	250,000		250,000	GR-100%
2014	1842	Wealthy Street - US131 to Division Avenue	200,000		200,000	GR-100%
2014	3323	ESD - Laboratory Management System	150,000		150,000	GR-100%
2014	1344	Eastside Combined Sewer Overflow - Contract No. 22	2,500,000		2,500,000	GR-100%
2014	3300	Flow distribution Structure - WWTP	100,000		100,000	GR-100%
2014	1343	Eastside Combined Sewer Overflow - Contract No. 21	5,300,000		5,300,000	GR-100%
2014	1382	Replace WWTP Perimeter Fencing	250,000	250,000		Integrated
2014	3319	Sanitary Sewer Manhole Combination/Split re-construction	200,000		200,000	GR-100%
2014	3325	Volatile Organic Autosampler with purge and trap unit	40,000	40,000		GR-100%
2014	3318	HVAC Improvements using ESCO (Energy Savings Companies) audit results at the WWTP	200,000		200,000	GR-100%
2014	1374	CIPP Rehab of Sanitary Sewers - Various Sites	600,000	600,000		GR-100%
2014	1412	Plant Security System Improvements	250,000	250,000		Integrated
2014	2622	Shorehaven Lift Station Upgrade / Replacement	20,000	20,000		GRT-100%
<b>2014</b>	<b>TOTALS</b>		<b>\$ 10,940,000</b>	<b>\$ 1,160,000</b>	<b>\$ 9,780,000</b>	
2015	2453	Livingston Pumping Station - Second Discharge Line from, Contract No. 1 (DWRf)	\$ 3,045,000		\$ 3,045,000	GR-100%
2015	2569	Eastside Combined Sewer Overflow - Contract No. 28	200,000		200,000	GR-100%
2015	1749	Long Term Wet Weather Control Program	750,000		750,000	Integrated
2015	3300	Flow distribution Structure - WWTP	2,000,000		2,000,000	GR-100%
2015	1327	Bostwick Avenue - Lyon Street to Crescent Street	150,000	150,000		GR-100%
2015	1348	Eastside Combined Sewer Overflow - Contract No. 27	3,465,000		3,465,000	GR-100%
2015	1374	CIPP Rehab of Sanitary Sewers - Various Sites	600,000	600,000		GR-100%
2015	1379	Silver Creek Sanitary Trunk Sewer Improvements	5,000,000		5,000,000	GR-75% EGR-25%
2015	1370	State Street - Jefferson Avenue to Lafayette Avenue	150,000	150,000		GR-100%
2015	2453	Livingston Pumping Station - Second Discharge Line from, Contract No. 1 (DWRf)	265,000	265,000		GR-100%
2015	2622	Shorehaven Lift Station Upgrade / Replacement	256,000		256,000	GRT-100%
<b>2015</b>	<b>TOTALS</b>		<b>\$ 15,881,000</b>	<b>\$ 1,165,000</b>	<b>\$ 14,716,000</b>	
2016	1746	Plaster Creek Sanitary Trunk Sewer	\$ 1,200,000		\$ 1,200,000	K-59% C-14% A-9% GR-9% GRT-5%
2016	1374	CIPP Rehab of Sanitary Sewers - Various Sites	600,000	600,000		GR-100%
2016	1749	Long Term Wet Weather Control Program	5,000,000		5,000,000	Integrated
2016	2569	Eastside Combined Sewer Overflow - Contract No. 28	3,200,000		3,200,000	GR-100%
<b>2016</b>	<b>TOTALS</b>		<b>\$ 10,000,000</b>	<b>\$ 600,000</b>	<b>\$ 9,400,000</b>	
2017	1746	Plaster Creek Sanitary Trunk Sewer	\$ 6,750,000		\$ 6,750,000	K-59% C-14% A-9% GR-9% GRT-5%
2017	2468	Livingston Pumping Station - Second Discharge Line from, Contract No. 3 (DWRf)	875,000		875,000	GR-100%
2017	1374	CIPP Rehab of Sanitary Sewers - Various Sites	600,000	600,000		GR-100%
2017	2457	Livingston Pumping Station - Second Discharge Line from, Contract No. 2 (DWRf)	1,260,000	1,260,000		GR-100%
<b>2017</b>	<b>TOTALS</b>		<b>\$ 9,485,000</b>	<b>\$ 1,860,000</b>	<b>\$ 7,625,000</b>	
2018	2035	Godfrey Avenue - Oxford Street to Market Avenue	\$ 200,000	\$ 200,000		GR-100%
2018	1374	CIPP Rehab of Sanitary Sewers - Various Sites	600,000	600,000		GR-100%
2018	2035	Godfrey Avenue - Oxford Street to Market Avenue	7,700,000		7,700,000	GR-100%
2018	1746	Plaster Creek Sanitary Trunk Sewer	6,750,000		6,750,000	K-59% C-14% A-9% GR-9% GRT-5%
2018	2041	Godfrey Avenue - Liberty Street to Oxford Street	3,090,000		3,090,000	GR-100%
2018	2508	Broadway Sanitary Trunk Sewer	100,000	100,000		GR-100%
2018	2041	Godfrey Avenue - Liberty Street to Oxford Street	200,000	200,000		GR-100%
<b>2018</b>	<b>TOTALS</b>		<b>\$ 18,640,000</b>	<b>\$ 1,100,000</b>	<b>\$ 17,540,000</b>	
<b>2014-2018</b>	<b>GRAND TOTALS</b>		<b>\$ 64,946,000</b>	<b>\$ 5,885,000</b>	<b>\$ 59,061,000</b>	

**WATER SUPPLY SYSTEM**  
**CAPITAL BUDGET PROJECTS REPORT**

Fiscal Year	Project #	Project Name	Revenue Amount	Cash Funds	Bond Funds	Zonegating
2014	1343	Eastside Combined Sewer Overflow - Contract No. 21	\$ 700,000	\$ 700,000		GR-100%
2014	1344	Eastside Combined Sewer Overflow - Contract No. 22	650,000	650,000		GR-100%
2014	1375	Watermain Oversizing	50,000	50,000		N/A
2014	1404	Lake Michigan Filtration Plant - Replace Filter Cells 3, 5, 7 & 9 (DWRf)	2,200,000		2,200,000	Integrated
2014	1842	Wealthy Street - US131 to Division Avenue	600,000	600,000		GR-100%
2014	2051	Water Customer Service- Cayenta interface development and implementation	525,000	525,000		Integrated
2014	2453	Livingston Pumping Station - Second Discharge Line from, Contract No. 1 (DWRf)	550,000		550,000	GR-82% GRT-8% K-5% A-4% C-1%
2014	2623	LMFP - Concrete Repair Phase 5 (DWRf)	500,000		500,000	Integrated
2014	2801	Coldbrook Supervisory Control and Data Acquisition	2,000,000	2,000,000		Integrated
2014	3154	LMFP - HVAC Improvements	200,000	200,000		Integrated
2014	3258	Maynard Ave watermain - Vet's Drive to 3200' north	575,000	575,000		W-100%
2014	3261	Elmridge Avenue - Westwilde Drive to 3 Mile Road	250,000	250,000		GR-50% W-50%
2014	3376	Water System - Site Security Upgrades	100,000	100,000		Integrated
<b>2014</b>	<b>TOTALS</b>		<b>\$ 8,900,000</b>	<b>\$ 5,650,000</b>	<b>\$ 3,250,000</b>	
2015	1327	Bostwick Avenue - Lyon Street to Crescent Street	\$ 175,000	\$ 175,000		GR-100%
2015	1348	Eastside Combined Sewer Overflow - Contract No. 27	1,205,000	1,205,000		GR-100%
2015	1370	State Street - Jefferson Avenue to Lafayette Avenue	150,000	150,000		GR-100%
2015	1375	Watermain Oversizing	50,000	50,000		N/A
2015	1391	Millbank Street - Giddings Avenue to Newcastle Avenue and Derbyshire Street - Giddings Avenue to Newcastle Avenue	300,000	300,000		GR-100%
2015	1393	Wilson Pump Station improvements (DWRf)	771,000		771,000	W-74% GR-23% T-3%
2015	1397	LMFP - master electrical control panels	50,000	50,000		Integrated
2015	1415	Franklin pumps 1 & 3, motor starters and low service pump VFD's	1,000,000	1,000,000		Franklin Station Integration
2015	1853	Four Mile Road Elevated Storage Tank - Construction (DWRf)	1,900,000		1,900,000	W-100%
2015	1855	Four Mile Road Watermain - design and construction (DWRf)	2,000,000		2,000,000	W-100%
2015	2453	Livingston Pumping Station - Second Discharge Line from, Contract No. 1 (DWRf)	5,755,000		5,755,000	GR-82% GRT-8% K-5% A-4% C-1%
2015	3150	LMFP - Low Lift Pumps 1 and 2 High Efficiency Motor Upgrades	80,000	80,000		Integrated
2015	3152	LMFP - High Service Pumps #4 and #6 - VFD and Motor starter replacement	750,000	750,000		Integrated
2015	3159	Watermain Lining Maintenance	250,000	250,000		GR-100%
2015	3339	Greenbrier Subdivision watermain replacement	500,000	500,000		GRT-100%
2015	3460	Water System - Annual Efficiency and Sustainability Projects	200,000	200,000		NOT YET KNOWN
<b>2015</b>	<b>TOTALS</b>		<b>\$ 15,136,000</b>	<b>\$ 4,710,000</b>	<b>\$ 10,426,000</b>	
2016	1375	Watermain Oversizing	\$ 50,000	\$ 50,000		N/A
2016	1383	Monroe tank valves	100,000	100,000		Integrated
2016	2428	North Lake Line - Full Condition Assessment and easement acquisition	500,000	500,000		Integrated
2016	2434	Adams and Alger Pressure districts Modifications	1,600,000	1,600,000		GR-100%
2016	2569	Eastside Combined Sewer Overflow - Contract No. 28	1,800,000	1,800,000		GR-100%
2016	3157	LMFP - Replace High Service Pump #7	1,000,000	1,000,000		Integrated
2016	3159	Watermain Lining Maintenance	250,000	250,000		GR-100%
2016	3460	Water System - Annual Efficiency and Sustainability Projects	200,000	200,000		NOT YET KNOWN
<b>2016</b>	<b>TOTALS</b>		<b>\$ 5,500,000</b>	<b>\$ 5,500,000</b>	<b>\$ -</b>	
2017	1375	Watermain Oversizing	\$ 50,000	\$ 50,000		N/A
2017	1426	Garfield Avenue - Butterworth Avenue to Fulton Street	750,000	750,000		GR-100%
2017	1821	Nason - Will to Turner	200,000	200,000		GR-100%
2017	2457	Livingston Pumping Station - Second Discharge Line from, Contract No. 2 (DWRf)	2,815,000		2,815,000	GR-82% GRT-8% K-5% A-4% C-1%
2017	2468	Livingston Pumping Station - Second Discharge Line from, Contract No. 3 (DWRf)	1,850,000		1,850,000	GR-82% GRT-8% K-5% A-4% C-1%
2017	3159	Watermain Lining Maintenance	250,000	250,000		GR-100%
2017	3344	LMFP - LL Traffic Safety Improvements	100,000	100,000		Integrated
2017	3346	LMFP - Accelator Conversion and Residual Improvement	200,000		200,000	Integrated
2017	3460	Water System - Annual Efficiency and Sustainability Projects	200,000	200,000		NOT YET KNOWN
<b>2017</b>	<b>TOTALS</b>		<b>\$ 6,415,000</b>	<b>\$ 1,550,000</b>	<b>\$ 4,865,000</b>	
2018	1406	Albany Street - Buchanan Avenue to Division Avenue; Ionia Avenue - Albany Street to Shelby Street; and Shelby Street - Division Avenue to West End	\$ 500,000	\$ 500,000		GR-100%
2018	1418	Cascade north river crossing (DWRf)	3,600,000		3,600,000	C-100%
2018	1423	Langley Street - Plymouth Avenue to Kalamazoo Avenue, Watermain Replacement	325,000	325,000		GR-100%
2018	1425	Forrester Street - Kalamazoo Avenue to 600' East	130,000	130,000		GR-100%
2018	1431	Garfield Avenue - Leonard Street to Crosby Street and 11th Street to 12th Street	300,000	300,000		GR-100%
2018	2035	Godfrey Avenue - Oxford Street to Market Avenue	100,000	100,000		GR-100%
2018	2041	Godfrey Avenue - Liberty Street to Oxford Street	90,000	90,000		GR-100%
2018	3159	Watermain Lining Maintenance	250,000	250,000		GR-100%
2018	3346	LMFP - Accelator Conversion and Residual Improvement	12,000,000		12,000,000	Ingrated
2018	3351	LMFP - Brick Facade Improvements	125,000	125,000		Integrated
2018	3354	LMFP - High Service Pumps #8 and #11 - VFD's	750,000	750,000		Integrated
2018	3460	Water System - Annual Efficiency and Sustainability Projects	200,000	200,000		NOT YET KNOWN
<b>2018</b>	<b>TOTALS</b>		<b>\$ 18,370,000</b>	<b>\$ 2,770,000</b>	<b>\$ 15,600,000</b>	
<b>2014-2018</b>	<b>GRAND TOTALS</b>		<b>\$ 54,321,000</b>	<b>\$ 20,180,000</b>	<b>\$ 34,141,000</b>	